

Fiscal Note

Fiscal Services Division



SF 451 – School Dropout Prevention (LSB 1558SV)

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Fiscal Note Version – New

Description

Senate File 451 codifies and specifies appropriate uses for Returning Dropout and Dropout Prevention Program Funding.

Background

Currently, appropriate uses for Returning Dropout and Dropout Prevention Program Funding are established by Department of Education rule. The Bill modifies and expands appropriate uses of Program funds.

The amount of Modified Allowable Growth (MAG) approved for Returning Dropout and Dropout Prevention Programs is funded through local property tax. Both the number of districts and the amount of MAG for the Programs has increased over the years (see table below). In FY 2011, MAG for the Programs totaled \$108.5 million, with 93.3% of the districts participating.

Returning Dropout and Dropout Prevention Program Modified Allowable Growth (MAG) and Remaining Capacity Amounts FY 2001 - FY 2011 (Dollars in Millions)				
Fiscal Year	Modified Allowable Growth (MAG) For Returning Dropout and Dropout Prevention Programs	Number of Districts with MAG for Program	Percentage of Districts with MAG for Program	Remaining MAG Capacity for the Program
2001	\$ 40.5	216	57.8%	\$ 68.3
2002	44.2	225	60.6%	68.0
2003	51.8	236	63.6%	60.3
2004	57.0	259	70.0%	56.8
2005	64.4	274	74.7%	51.2
2006	72.1	281	77.0%	47.7
2007	79.6	304	83.3%	44.9
2008	88.4	312	85.7%	40.9
2009	101.8	320	88.4%	32.0
2010	106.8	334	92.5%	31.3
2011	108.5	335	93.3%	31.6

Assumptions

The maximum amount of MAG funding for the Programs will remain at 5.0% of the budget enrollment for the budget year. The MAG funding capacity for the Programs will not change as a result of the Bill. However, expanding the appropriate uses for Program funding may result in an increase in MAG funding for the Programs. Although the fiscal impact of the Bill is unknown, it will not exceed the remaining MAG funding capacity for the Programs.

Any increases in the MAG funding amounts for the Programs will not occur until FY 2013.

Fiscal Impact

There is no State General Fund impact as a result of this Bill. There may be a property tax impact resulting from an increase of Modified Allowable Growth for Returning Dropout and Dropout Prevention Programs due to the expanded uses of Program funding beginning in FY 2013. Although the amount is unknown, it will not exceed \$31.6 million.

Sources

Iowa Department of Management, School Aid file
LSA analysis and calculations

/s/ Holly M. Lyons

March 10, 2011

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
